

Full

1966

YEAR ENDED JULY 31, 1966

**CANADIAN DYNO
MINES LIMITED**

HEAD OFFICE:

SUITE 509 - 25 ADELAIDE STREET WEST
TORONTO 1, ONTARIO

ANNUAL
REPORT

Officers

S. A. PERRY, F.C.I.S. *President*
G. D. PATTISON, C.A. *Vice-President*
R. D. BELL, C.A. *Secretary-Treasurer*
W. E. ESSERY, C.A. *Assistant Secretary-Treasurer*

Directors

COLIN A. CAMPBELL, P.Eng. *Toronto, Ontario*
G. C. KNOWLES *Toronto, Ontario*
L. PANCER, P.Eng. *Toronto, Ontario*
G. D. PATTISON, C.A. *Toronto, Ontario*
S. A. PERRY, F.C.I.S. *Toronto, Ontario*
HARLOW H. WRIGHT, P.Eng. *Toronto, Ontario*

Auditors

THORNE, MULHOLLAND, HOWSON & McPHERSON
TORONTO, ONTARIO

Transfer Agents

GUARANTY TRUST COMPANY OF CANADA
TORONTO, ONTARIO

Head Office

SUITE 509, 25 ADELAIDE ST. WEST, TORONTO, ONTARIO

Canadian Dyno Mines Limited

Suits 509, 25 Adelaide Street West

Toronto 1, Ontario

Directors' Report

To the Shareholders:

Submitted herewith is the financial statement of your Company for the year ended July 31, 1966, with Auditors' Report dated September 15, 1966.

No new mining properties were acquired by your Company during its last fiscal year, but reconnaissance and research directed towards the acquisition of suitable properties have continued. Several prospects have been reviewed and during the year your Company participated in an exploration syndicate under a grubstake arrangement.

The Company owns a 10% interest in the Basin Explorations (Ireland) Syndicate which holds twenty-five prospecting licenses covering various areas in the Republic of Ireland. The initial exploration program including geological mapping, prospecting, and soil sampling is almost completed. Approximately 230 square miles of land have been mapped and several thousand soil samples have been tested for base metal content. It is now planned to conduct induced polarization surveys over three promising areas to outline possible diamond drill targets.

The uranium properties in the Bancroft area of Ontario owned by the Company are held in good standing and your Directors are following with interest current developments in the uranium industry and the increasing world demand for uranium oxide.

Your Company continues to hold for investment 1,327,820 shares of New Quebec Raglan Mines Limited. Raglan, controlled by Falconbridge Nickel Mines Limited, recently reported that during 1966 a total of 52,970 feet of diamond drilling was completed in 67 holes on its Ungava area nickel property and the cost of the year's exploration program including diamond drilling, geological mapping, test drilling at possible shaft sites, and camp and road construction, exceeded \$2,000,000.00. It is expected that this major exploration and development program will resume in 1967 as soon as weather conditions permit.

During the year the capital structure of Canadian Vendbar Industries Limited was reorganized and your Company now holds 76.5% of its issued shares. Development of Canadian Vendbar's vending machines and associated products is continuing and while its operating results to date have not come up to earlier expectations, it is hoped that a recent change in management personnel will result in the required improvement.

Last May your Company took the opportunity to purchase 1,000,000 shares of Lorado Uranium Mines Limited. This investment represents about 15.6% of Lorado's issued shares and your Directors are of the opinion that it will increase in value substantially over the next few years. Lorado, through a Bahamian subsidiary, owns about 16.5% of the outstanding shares of The Grand Bahama Development Company Limited which is engaged in the sale of land and holds an interest in several ancillary companies all on Grand Bahama Island, Bahamas. Remarkable progress has been made in the development of Grand Bahama Island over a relatively short period of time and it is felt that the shares of the Development Company will greatly increase in value.

If you are unable to attend the forthcoming meeting of shareholders, kindly sign and return the accompanying proxy form in the envelope provided for your convenience.

On behalf of the Board of Directors,

S. A. PERRY,
President.

Toronto, Ontario,
January 3, 1967.

Canadian Dyno Mines Limited

Auditors' Report

To the Shareholders of
CANADIAN DYNO MINES LIMITED:

We have examined the balance sheet of Canadian Dyno Mines Limited as at July 31, 1966 and the statements of income and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and related statements of income and retained earnings present fairly the financial position of the company as at July 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, MULHOLLAND, HOWSON & McPHERSON,
Chartered Accountants.

Toronto, Canada,
September 15, 1966.

Canadian Dyno

Incorporated under

Balance

JULY

Assets

CURRENT ASSETS:

Cash	15,702.36	
Accounts receivable	112,131.43	127,833.79
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INCOME TAXES RECOVERABLE (note 1)		110,495.75

INVESTMENTS:

Subsidiary companies (note 2):

Canadian Vendbar Industries Limited	487,285.29	
Others	3.00	487,288.29
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Mining and other companies (note 3):

Shares	3,657,599.58	
Debentures	704,390.00	
Loans receivable and accrued interest	1,031,857.89	5,393,847.47
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		5,881,135.76

MINING CLAIMS, at cost (note 4)		143,904.59
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DEFERRED EXPLORATION, Errington Township, Ontario		111,630.86
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\$ 6,375,000.75

The accompanying notes are an integral part of this statement.

Mines Limited

the laws of Ontario

Sheet

, 1966

Liabilities

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	3,544.88	
Balance due on acquisition of interest in		
Lorado Uranium Mines Limited (note 5)	1,000,000.00	1,003,544.88

SHAREHOLDERS' EQUITY

CAPITAL STOCK:

Authorized, 3,000,000 shares, par value \$1.00 each		
Issued, 2,861,000 shares	2,861,000.00	
CONTRIBUTED SURPLUS	2,028,168.18	
RETAINED EARNINGS	482,287.69	5,371,455.87
		<u>\$ 6,375,000.75</u>

CONTINGENT LIABILITIES (note 6)

Approved on behalf of the Board.

S. A. PERRY, *Director*.

G. D. PATTISON, *Director*.

This is the balance sheet referred to in our report to the shareholders dated September 15, 1966.

THORNE, MULHOLLAND, HOWSON & McPHERSON,
Chartered Accountants.

Canadian Dyno Mines Limited

STATEMENT OF INCOME YEAR ENDED JULY 31, 1966

Income from investments			116,205.08
EXPENSES:			
Exploration:			
Consulting fees and expenses	4,075.00		
Grubstakes	1,358.56		
Sundry	441.31	5,874.87	
Administration:			
Administration fee	10,000.00		
Annual report	1,859.42		
Directors' fees	8,400.00		
Legal and audit	21,072.58		
Listing and transfer expenses	3,709.04		
Officers' salaries	20,000.00		
Rent	3,600.00		
Sundry	2,141.64	70,782.68	76,657.55
NET INCOME FOR YEAR			<u>\$ 39,547.53</u>

STATEMENT OF RETAINED EARNINGS YEAR ENDED JULY 31, 1966

Retained earnings at beginning of year			421,179.62
Add:			
Net income for year	39,547.53		
Profit on sale of investments	27,142.14		
Recovery of prior years' losses of Dyno Homes Corporation Limited	6,000.00	72,689.67	
		<u>493,869.29</u>	
Deduct:			
Cost of mining claims abandoned	3,600.00		
Expenditures incurred thereon	7,981.60	11,581.60	
RETAINED EARNINGS AT END OF YEAR			<u>\$482,287.69</u>

Canadian Dyno Mines Limited

NOTES TO FINANCIAL STATEMENT YEAR ENDED JULY 31, 1966

1. INCOME TAXES RECOVERABLE:

The company's objection to assessments totalling approximately \$900,000.00 for the years 1961 to 1963 inclusive were upheld in part by a decision of the Tax Appeal Board dated March 31, 1966. The Minister of National Revenue has appealed this decision to the Exchequer Court and the recoverability of the amount of \$110,495.75 held by the Receiver General of Canada in connection therewith depends on the results of this appeal.

The company has pledged 600,000 shares of New Quebec Raglan Mines Limited having a market value at July 31, 1966 of \$3,150,000.00 to the Receiver General of Canada as security.

2. INVESTMENT IN SUBSIDIARY COMPANIES:

Canadian Vendbar Industries Limited

COST

The company's investment in Canadian Vendbar is comprised as follows:

76.5% interest in issued shares	217,506.60
\$175,000.00 principal amount of 6% debentures due January 31, 1976, interest to accrue from August 1, 1967	155,000.00
6% Demand notes and accrued interest	114,778.69
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	\$487,285.29
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During the year the company increased its interest in Canadian Vendbar from 50% to 76.5% of the issued shares. Canadian Vendbar is in its formative stages and it is not considered desirable to consolidate the accounts herein. Dyno's share of the losses of Canadian Vendbar for the year ended June 30, 1966 amount to approximately \$113,000.00. Losses of Canadian Vendbar attributable to the shares held by Dyno aggregate approximately \$220,000.00.

Subsequent to July 31, 1966, the company has advanced to Vendbar an additional \$75,000.00.

Other subsidiary companies

The company holds in excess of 50% of the issued shares of three other companies. The investment in and advances to these companies have been written down to a nominal value of \$1.00 each and as all the companies are inactive it is not considered desirable to consolidate the accounts.

3. INVESTMENT IN MINING AND OTHER COMPANIES:

Shares of mining and other companies

Shares of other mining companies are valued at cost less proceeds of disposals or at written down value. These shares had a market value of approximately \$9,580,000.00 at July 31, 1966.

Because in some instances large blocks of shares are involved, market values are not necessarily indicative of amounts that might be realized if the investments were to be sold.

Investments having a market value of \$4,960,000.00 have been pledged in support of the contingent and other liabilities. (see notes 1, 5 and 6).

Canadian Dyno Mines Limited

NOTES TO FINANCIAL STATEMENT (Continued) YEAR ENDED JULY 31, 1966

Debentures of another mining company

These consist of \$670,000.00 principal amount of Consolidated Halliwell Limited 6½% debentures due May 31, 1970, at a cost of \$637,400.00 and interest accrued to July 31, 1966 of \$66,990.00.

These debentures are without quoted market value because they are not actively traded. Consolidated Mogul Mines Limited has guaranteed payment of principal and any unpaid interest thereon at May 31, 1970, the date of maturity.

Loans receivable and accrued interest

Lorado Uranium Mines Limited, secured by pledge of 16.5% of the issued shares of The Grand Bahama Development Company Limited	773,150.64
St. Patrick's Copper Mines Limited, secured by a guarantee from Consolidated Mogul Mines Limited	233,625.00
Mortgages receivable	2,082.25
Other	23,000.00
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	\$ 1,031,857.89
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4. MINING CLAIMS:

16 patented claims in Cardiff Township, Ontario, acquired for 10,000 shares of the company's capital stock valued at 40¢ per share and \$58,806.76 cash	62,806.76
8 patented claims in Errington Township, Thunder Bay Mining Division, Ontario, acquired for cash	56,097.83
4 unpatented claims in the Eastmain Region, Township 3214, Quebec, held under development licenses, acquired for cash	25,000.00
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	\$ 143,904.59
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5. BALANCE DUE ON ACQUISITION OF INTEREST IN LORADO URANIUM MINES LIMITED:

The company has placed 1,000,000 shares of Lorado in custody to be released in payment of the \$1,000,000.00 due on acquisition of such shares. As at July 31, 1966, these shares have a market value of \$1,200,000.00.

6. CONTINGENT LIABILITIES:

Lorado Uranium Mines Limited

The company is contingently liable for \$348,500.00 under a guarantee of the bank loan to Lorado. The company has pledged marketable securities having a market value at July 31, 1966 of \$610,000.00 as collateral in connection with the guarantee.

Canadian Vendbar Industries Limited

The company is contingently liable for \$75,000.00 under a guarantee of the bank loan to Canadian Vendbar.

7. TAXES ON INCOME FOR YEAR:

No provision for income taxes is required for the current year as a result of the application of losses for tax purposes in prior years against the current year's income.

CANADIAN DYNO MINES LIMITED

Suite 509, 25 Adelaide Street West
TORONTO 1, ONTARIO

NOTICE OF ANNUAL MEETING OF THE SHAREHOLDERS

TAKE NOTICE that the Annual Meeting of the Shareholders of Canadian Dyno Mines Limited will be held at Suite 509, 25 Adelaide Street West, Toronto, Ontario, on

MONDAY, THE 30th DAY OF JANUARY, 1967

at the hour of 10:00 o'clock in the forenoon (Toronto Time) for the following purposes:

- (a) to receive and consider the Annual Report (a copy of which is enclosed) containing the Directors' Report to the shareholders dated January 3, 1967; the financial statements of the Company for the year ended July 31, 1966, and the Report of the auditors thereon dated September 15, 1966;
- (b) to elect directors for the ensuing year;
- (c) to appoint auditors and authorize the directors to fix auditors' remuneration;
- (d) to transact such further other business as may properly come before the meeting or any adjournment thereof.

DATED at Toronto, Ontario, the 3rd day of January, 1967.

By Order of the Board,

R. D. BELL,
Secretary-Treasurer.

NOTE: Shareholders who are unable to be present in person at the annual meeting above referred to are requested to sign and return in the envelope provided for that purpose the attached form of instrument of proxy for use at the meeting.

CANADIAN DYNO MINES LIMITED

Suite 509, 25 Adelaide Street West
TORONTO 1, ONTARIO

P R O X Y

The undersigned shareholder of CANADIAN DYNO MINES LIMITED hereby appoints S. A. Perry, President, or failing him, G. D. Pattison, Vice-President, or failing him, R. D. Bell, Secretary-Treasurer, as the proxy of the undersigned to attend, act and vote at the Annual Meeting of the Shareholders of Canadian Dyno Mines Limited to be held on the 30th day of January, 1967, and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same power as if the undersigned were present at the said Meeting or such adjournment or adjournments thereof.

DATED this day of January, 1967.

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Signature of Shareholder

NOTE: If the appointer is a corporation the instrument must be signed under its corporate seal or under the hand of an officer or person authorized in writing.

